



Eileen Tuitt
16-b-1

June 21, 2016

California Air Resources Board
1001 I St.
Sacramento, CA 95814

Re: Proposed Fiscal Year 2016-17 Funding Plan for Low Carbon Transportation and Fuels Investments and the Air Quality Improvement Program

The California Electric Transportation Coalition (CalETC) appreciates the opportunity to comment on the California Air Resources Board's (CARB's) Proposed Fiscal Year (FY) 2016-2017 Funding Plan for Low Carbon Transportation and Fuels Investments and the Air Quality Improvement Program.

CalETC is a non-profit association promoting economic growth, clean air, fuel diversity and energy independence, and combating climate change through the use of electric transportation. CalETC is committed to the successful introduction and large-scale deployment of all forms of electric transportation including plug-in electric vehicles of all weight classes, transit buses, port electrification, off-road electric vehicles and equipment, and rail. Our board of directors includes: Los Angeles Department of Water and Power, Pacific Gas and Electric, Sacramento Municipal Utility District, San Diego Gas and Electric, Southern California Edison, and the Southern California Public Power Authority. Our membership also includes major automakers, manufacturers of zero-emission trucks and buses, and other industry leaders supporting transportation electrification.

CalETC supports CARB's efforts to promote the adoption of clean transportation technologies. CARB's regulatory and funding-related actions have been essential in contributing to our state having the majority of plug-in electric vehicle (PEV) sales in the country. Although California is leading the nation in PEV adoption, California still has a long way to go to reach the goals in the Governor's Executive Order B-16-2012: 1.5 million zero-emission vehicles on California roads by 2025 and zero-emission vehicle infrastructure able to support 1 million vehicles by 2020.

At the end of 2015, plug-in electric vehicles (PEVs) represented only 3.1% of the new vehicle market in California and only 0.66% in the U.S.¹ Sales for conventional hybrids only reached 5.8% in California last year,² even though this technology has been widely available and accessible for over a decade. We urge CARB to recognize the need for unwavering state commitment and investment to overcome these challenges. Private investment will follow clear, consistent public commitment and investment.

California must also establish clear targets to improve freight efficiency, transition to zero-emission technologies, and increase competitiveness of California's freight system, as directed by the Governor's Executive Order B-32-15. It is critical that Low Carbon Transportation and Fuels Investments and Air Quality Improvement Program funding continue to support this burgeoning market.

¹ See, e.g., Cobb, Jeff, California Plug-in Sales Led The US Last Year with Nearly Five-Times Greater Market Share, February 17, 2016, <http://www.hybridcars.com/california-plug-in-sales-led-us-last-year-with-nearly-five-times-greater-market-share/>.

² *Ibid.*

We respectfully submit the following comments for your consideration:

Light-Duty Sector

CalETC has supported, and continues to support, the state's investment in low-carbon transportation and the appropriation of California Climate Investments (CCI) for low carbon transportation. These investments in light-, medium- and heavy-duty technologies will be even more important in the next three years given the state's ambitious clean-transportation goals.

- CalETC supports CARB's light-duty vehicle allocations to the Clean Vehicle Rebate Project (CVRP), pilot projects to benefit disadvantaged communities, and financing assistance for low-income consumers. Should the final budget include additional funding, CalETC recommends that additional funding be added to the projects benefitting disadvantaged communities and low- and moderate-income consumers.
- CalETC supports point-of-sale rebates, to further encourage PEV adoption. A point-of-sale rebate would be especially beneficial for low- to moderate-income consumers, as it would reduce or eliminate the down payment, or decrease the monthly payments. In order to receive a point-of-sale rebate, CalETC supports pre-qualification before a consumer visits a dealership, or a mechanism of qualification for consumers once at the dealership. Eligibility and enforcement for a point-of-sale rebate could be kept similar to the existing CVRP, e.g., a minimum ownership requirement and requiring the consumer to surrender the rebate should the consumer not qualify or adhere to the requirements of the program.
- CalETC supports CARB's focus on the long-term needs of zero- and near-zero-emission light-duty vehicles. In order to achieve long-term success, it is critical to maintain incentives for light-duty vehicles until such time as there is robust demand for this new technology and the value proposition for consumers is at least equal to the cost of the vehicles. CalETC supports *not* downsizing the light-duty incentive programs during the next three years.
- CalETC supports CARB's decision to keep the current CVRP income cap at this time. It is premature to modify the income cap prior to evaluating its impact on market acceleration. In addition, the income cap just went into effect, and altering it in the near future could complicate the program for eligible consumers, having a negative effect on the sale of qualifying vehicles.

Goods- and People-Movement Sectors

There is a growing need for investment in the goods- and people-movement sectors; transitioning these sectors to zero-emission technologies is and will be a tremendous challenge. It requires substantial public funding and leveraging the commitment of the industries, including utilities, bus and truck manufactures, and others, that are supportive of transportation electrification.

Because the full funding for FY 2015-16 was not appropriated, the current Governor's proposed budget will result in a gap-year for almost all of the goods- and people-movement funded projects. CalETC supports a higher CCI allocation for low-carbon transportation in order to help resolve the gap-year issue, which greatly affects these existing truck, bus, and off-road projects, and potential new projects. The CCI allocation to CARB for FY 2016-17 should cover both the existing, unfunded solicitations, and provide enough funding for new solicitations, as would have been the effect if the full FY 2015-16 funding was allocated.

- CalETC supports CARB's truck, bus, and off-road vehicle allocations. This funding is essential to successfully transition transit-agency fleets, freight and goods-movement equipment, and school buses to zero-emission technologies. Should the final budget include additional funding, CalETC recommends additional funding be added to the project categories that have had the highest oversubscription rates.
- CalETC supports CARB staff's proposal to fund those solicitation applications that went unfunded during the last cycle first. CalETC is very concerned about the shelf-life of existing applications, i.e., the match funding is jeopardized if the projects are not funded as expeditiously as possible, as manufacturers and funders could invest their dollars elsewhere rather than have funding unused. However, to the extent that projects lost match funding, or have otherwise become stale, there should be an opportunity for project proponents to resubmit applications.
- CalETC recommends that staff expand pilot-project solicitations to include additional duty cycles and weight classes. Solicitations, like those for the "Advanced Engines and Powertrains" and "Zero-Emission or Near Zero-Emission Short and Regional Haul Trucks" categories, only include class 7 and 8 vehicles. These solicitations would benefit from expanded eligibility—to include more duty cycles and weight classes, such as class 6 trucks—as this would result in a wider variety of delivery truck and vocational segment projects, which are on the cusp of commercialization. And, expanded eligibility would likely lead to more market-ready technologies.

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Very Low Carbon Fuel Incentives

CalETC supports the very low carbon fuels incentives proposal in the Proposed Funding Plan, which will fund all very low carbon, renewable fuels that are produced in California. CalETC looks forward to participating in staff's workgroup to develop the details regarding project administration and regarding the awarding of funding.

Thank you for your consideration. Please do not hesitate to contact us should you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "E. W. Tutt".

Eileen Wenger Tutt, Executive Director
California Electric Transportation Coalition